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SUBJECT: THE DEVIL IS IN THE DETAILS: GREECE'S VIEW ON EU
CLIMATE AND ENERGY PACKAGE

REF: ATHENS 1481

1. (SBU) Summary: In a November 7 meeting with advisors at the Secretary General of Energy and Natural Sources to the Ministry of Development, Greek interlocutors said they were fully on board with the need for the EU Climate and Energy Package, but did not think it would get approved by all EU member states before year-end. If the Package is approved, they said that Greece will have to revise its already ambitious national targets. The Ministry of Development advisors were unable to give concrete details about how they were going to get industry compliance and how they planned to build capacity to increase the use of renewables. Nevertheless, the advisors were optimistic that the renewables draft law (reftel) would be in place before year-end and would spur on growth in the sector. In addition, Greece has approved legislation aimed at encouraging new building construction to be energy efficient. End Summary.

On board with EU Climate and Energy Package

2. (SBU) In meetings to discuss Greece's position on the EU Climate and Energy Package, advisors to the Ministry of Development Antony Marinos and Viky Georgakopoulou told EconOff that Greece was fully on board to set EU member targets to reduce electricity consumption and improve energy efficiency. According to present EU directives for renewable energy sources (RES), Greece has outlined a national allocation plan (NAP) to meet its medium-term targets. Marinos said Greece was committed to a "rational use" of energy through advanced technology and raised awareness. "Without removing from the equation the rate of development and without halting the rate of growth, businesses will have to take into account energy efficient constraints," he said. When EconOff asked the role that the Greek Government will play in regulating industry, Marinos responded that they are guessing that they (industry) will do it by themselves.

3. (SBU) He went on to elaborate on the Emissions Trading System (ETS), stating that industry will have to improve the way it is operating to reduce emissions and will probably have to include the use of renewables. The ETS forces specific sectors of each country to emit within a certain level of carbon dioxide; however, Marinos believes this system is "not effective," and a number of countries have already exceeded their emissions targets. He said that the commitments signed on to with the adoption of the Kyoto Protocol have been incorporated into the framework for EU directives, but now the Greek Government was looking at how to meet long-term targets in a post-Kyoto framework.

4. (SBU) Marinos and Georgakopoulou agreed that it was not likely that the EU Climate and Energy Package would be

ratified by year-end, particularly as Italy was fighting its ratification on behalf of its industrial sector. Marinos said that the sectors directly affected by the pollution targets were those that utilized primary fuels and raw materials. He stressed, "We can not fight China and keep up the rate of economic growth." Instead, Greece was focusing on trying to increase the use of renewables in its sectors.

Renewables as the Fix-All

15. (SBU) Georgakopoulou said that the draft law on renewables was close to being passed, and that it had been signed by two out of the three ministries (Ministry of Development and Ministry of Environment and Physical Planning and Public Works (MOE)). The law is currently with the Ministry of National Economy, and it will then be submitted to Parliament for debate. Georgakopoulou said the draft law would go before the Parliament in December and would likely get ratified before year-end. She reported that the only substantive change to the draft law, since she last met with EconOff, was the reduction in the feed-in subsidy, or a fixed buy-back rate of electricity, which would decrease every semester (six months). Marinos commented that the rate originally offered must have been too high, which may have accounted for the over-subscription of projects. He added that the Greek Government will honor those contracts that have been signed at that rate, regardless of whether it is above market value.

16. (SBU) In a nod to EU directives on renewables, Marinos and Georgakopoulou said the aggressive targets would be

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beneficial and encourage Greece to meet specific targets and would not punish Greece if it did not meet the targets. Both were hoping that the new and improved draft law on renewables would assist the Regulatory Authority for Energy (RAE) to review its project backlog by the end of 2009. They noted that the projects continued to be "alive" and that there was ample number of investors, but the investors did not have the funding. When EconOff asked if there was a match-making system to match investors with capital, they said they did not have the human resource capacity for this venture. In order to meet anticipated investor demand on renewables, Georgakopoulou said they were hoping totake people from the Center for Renewable Enegy Sources (CRES) to ramp up review of project still in the backlog.

Energy-Efficient Buildings

17. (SBU) Marinos highlighted legislation that passed in June that encourages energy conservation in new buildings. He said changes to the construction of new buildings that promoted energy conservation has not happened since 1978, when the Greek Government required heat-protective installation. The new regulations under the directive would be posted on the website of the Ministry of Development and would be in effect by the end of the month. The legislation puts in place incentives for implementing energy saving measures in existing buildings (heating, cooling, DHW and lighting). (Note: According to the Website of the MOE, the new building regulation is being harmonized with the law for the protection of the environment and the law for the promotion of renewable energy sources. End Note.)

Comment

18. (SBU) Greece is talking the talk on the Climate and Energy Package, but has yet to demonstrate strong policy and concrete measures to meet the larger objectives of the EU to reduce carbon emissions and increase the use of RES. Without a clear action plan and tough penalties on polluting enterprises, Greece naively believes that industries will

self-regulate with regard t environmental compliance. Although Greek officials welcome hard-to-reach targets, they are banking on renewables to transform their record on the environment. Finally, Greece is hoping that its new law will simplify bureaucratic procedures for qualifying for RES projects, but without additional human resources to meet the investor backlog of renewable projects, it is unlikely that their promised brand-new law on renewables will save the day. The Embassy has already experienced first-hand the impact of this proposed legislation on its own photo-voltaic project. As the Embassy no longer qualifies for the feed-in or the capital subsidy, according to the new legislation, the Embassy will have to revise its proposal to meet the ten-year payback period. End Comment.
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